

12. Unemployment continues to be the major disquieting feature of the economy of the State. About 14 per cent of the labour force is still unemployed. The number of employees in the public sector increased to 2.37 lakhs on 30-9-1963 from 2.25 lakhs on 30-9-1962. The growth of private sector employment was, however, not significant. The number of factories increased from 2573 in 1962 to 2600 in 1963. Though 230 factory units were opened during 1963, 203 factories were closed during the period. The maximum number of both additional units opened and units cancelled was in the cotton textile industry. There was considerable reduction in the number of coir factories during the year.

13. Another disturbing problem of equal or even greater magnitude is the acute pressure of population on the limited resources of the State. The growth of population needs effective curb in the coming years. For the fruits of planned development to reach the masses, effective action in this direction is needed. The provisional regional income figures indicate that the per capita income in the State is not growing as it should, due to the high demographic pressure. During 1962-63 the State income registered an increase of 3 per cent (at 1960-61 prices) over the previous year, whereas the per capita income of the State rose to Rs. 299 only from Rs. 297 in the previous year. Thus while the State income showed a rise of 3 per cent, the per capita income recorded only a rise of 0.6 per cent, the difference being accounted for by the increase in population.

14. The new industries coming up in the State are placing our economy on the threshold of industrialisation. A much greater effort, however, is needed to ensure higher levels of employment and an adequate rate of growth.

THE PLAN—LESSONS OF MID-TERM APPRAISAL

15. In a sense the Third Five Year Plan is really the first plan for Kerala as the State in its present form was not in existence when the Second Plan was formulated. The First Plan prepared in a hurry was only an experiment in planning. Of course its main objectives which consisted of a few irrigation and power projects and community development projects were fulfilled in the main. The Second Plan representing a more broadbased effort envisaged an outlay of Rs. 87 crores and its achievement in terms of financial targets is of the order of 92 per cent. The main objectives of the Third Plan are raising the regional income by 5 per cent per annum, and providing the basis for a more balanced economy with a substantial programme of industrialisation and expansion of agricultural production. In another month we will be completing the third year of the Third Plan. Out of the proposed Plan of Rs. 170 crores, we would be spending nearly Rs. 90 crores by the end of this year, that is, about 53 per cent of the total outlay.

16. The mid-term appraisal of the Third Plan revealed the shortfalls in production, employment and regional income that have occurred so far in the implementation of the Plan. It has been estimated

that there was a fall in regional income in 1961-62 from the previous year. This was mainly due to the fall in agricultural output caused by the unprecedented floods during the crop seasons. In 1962-63, the regional income has risen by 3 per cent.

17. Agriculture is obviously crucial to the wealth and welfare of our State. We have to ensure a steady increase in agricultural output at all costs. Massive efforts are now under way to make up for the earlier shortfalls. And it is hoped that ultimately the Third Plan targets of agricultural production will be realised.

18. In view of the accelerated efforts made for the implementation of the Power programme, the present shortage of power is expected to be remedied by the end of the current Plan. In the industrial field, the efforts taken by the Government in the last two years are expected to yield dividends in due course. Under Transport and Communications, and Social Services (Education, Health, etc.), the indications are that the Third Plan outlays will be considerably exceeded.

19. The mid-term appraisal has disclosed that, during the last two years, the base has been laid for better progress and increased output. It has, however, underlined the need for concentrating efforts in the two key sectors of agriculture and industries. The need for careful and detailed advance planning in respect of projects and schemes has also been brought to light. Failure to do so results in 'delays in implementation, underestimation of costs, emergence of imbalances and sometimes even in the abandonment of some of the projects.. Increase in construction costs is a factor that results in shortfalls in the physical targets. It is therefore important to keep down construction costs. These lessons of the mid-term appraisal will be carefully borne in mind in implementing the annual Plans for the remaining years of the Third Plan and also in preparing the Fourth Plan.

20. Action for the formulation of the Fourth Plan has already been initiated. Twenty-three working groups have been constituted to submit reports on different sectors of development. A Programme Committee will be constituted shortly to determine the outlines of the approach to the Fourth Plan, the order and pattern of investment, choice of priorities, etc. It is expected that, before the end of 1964, a tentative outline of the Fourth Plan could be drawn up.

21. I now turn to review briefly the financial transactions of the preceding and current years.

Accounts 1962-63

22. The accounts of 1962-63 disclose a small deficit of Rs. 32 lakhs on Revenue Account against an estimated surplus of Rs. 9 lakhs. One of the reasons for this deterioration was the fall in the collections under land revenue as a result of the striking down of the Kerala Land Tax Act by the High Court. The expenditure on Capital schemes and on disbursement of loans and advances together exceeded the budget estimates by over Rs. 1 crore. During the year the Government received a ways and means loan of Rs. 3 crores from the Government of India. Mainly on account of this, the transactions of the year recorded an improvement in the over-all financial position by Rs. 3.28 crores against the improvement of Rs. 1.26 crores anticipated in the budget.